



Bryce Yokomizo
Director

April 17, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF RECOMMENDATIONS TO PRESERVE CalWORKs PERFORMANCE
INCENTIVES FUNDING DURING FISCAL YEAR 2003-04
(ALL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Instruct the Director of Public Social Services, Chief Probation Officer, Chief Administrative Officer, and Auditor-Controller to take whatever actions are allowable and necessary to utilize any CalWORKs Performance Incentives which would otherwise be unspent as of June 30, 2003, to pay for juvenile probation services that would otherwise be funded with net County cost (NCC) in Fiscal Year (FY) 2002-03, as permitted by applicable State and federal law and regulations.
2. Instruct the Director of Public Social Services to allocate the resulting available NCC in FY 2003-04 as if it were Performance Incentives, in accordance with your Board's actions on March 4, 2003 and any other applicable actions by your Board regarding Performance Incentives.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 4, 2003, your Board allocated \$15.7 million in Performance Incentives which were projected to be unspent as of the end of this fiscal year. Since your Board allocated \$1.4 million of this amount during the current fiscal year, an estimated \$14.3 million are now projected to be unspent as of June 30, 2003. The actual amount that will be unspent as of June 30, 2003 could be higher if actual expenditures are less than projected and/or if CalWORKs single allocation or Performance Incentives revenue in FY 2002-03 is higher than currently projected.

State law allows for unexpended Performance Incentive funds to be retained by each county for expenditure in subsequent fiscal years. As in past years, however, this is subject to change by legislative action during the budget process. The Governor's Proposed Budget does not include a proposal to eliminate rollover authority; however, the Budget Bill which reflects the Governor's Proposed Budget also does not include language to authorize the California Department of Social Services (CDSS) to allocate to each county in FY 2003-04 that county's unspent Performance Incentives from FY 2002-03. It is therefore uncertain at this time whether these funds will be available to the County in FY 2003-04.

Given the uncertainty regarding the roll-over of unspent Performance Incentives into FY 2003-04, Recommendation 1 provides for the utilization of available CalWORKs Performance Incentives to pay for juvenile probation services that would otherwise be funded with NCC in FY 2002-03. Recommendation 2 provides for these NCC funds that will be available at the end of FY 2002-03 to be used in FY 2003-04 in place of Performance Incentives.

To the extent that these NCC funds are needed to implement your Board's actions of March 4, 2003, or to pay for costs incurred but not paid in FY 2002-03, the CAO plans to recommend including them in the FY 2003-04 Department of Public Social Services (DPSS) budget during the final changes phase of the budget process. The CAO will recommend placing any unallocated amounts into the FY 2003-04 Provisional Financing Uses (PFU) budget for later allocation by your Board, pursuant to the outcome of the CalWORKs funding recommendations stakeholders process.

Approval of these recommendations will ensure continued funding through September 2003 for those programs for which your Board approved Performance Incentives funding on March 4, 2003. Additionally, approval of these recommendations will enable performance incentives contracts which will not be funded next year to continue through June 30, 2003, whereas these contracts would otherwise have to be terminated by June 6, so that all expenditures could be paid by June 30 and claimed to the State for this fiscal year. Finally, consistent with your Board's actions of March 4, 2003, approval of these recommendations will maintain the role of the Stakeholders in the CalWORKs funding recommendation process in developing recommendations to your Board regarding the utilization of any additional funding which proves to be available, beyond the estimated unspent Performance Incentives which your Board allocated on March 4, 2003.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions are consistent with the principles of the Countywide Strategic Plan, Goal 5: Improve the well-being of children and families in Los Angeles County as measured by achievements in the five outcome areas adopted by the Board: 1) good health; 2) economic well-being; 3) safety and survival; 4) emotional and social well-being; and, 5) education/workforce readiness.

FISCAL IMPACT/FINANCING

These recommendations will be funded with at least \$14.3 million in CalWORKs Performance Incentives funds which are projected to be unspent as of June 30, 2003 and an equal amount of NCC that is currently budgeted to the Probation Department. There is no overall NCC impact to these recommendations.

Sufficient funding to implement these recommendations is included in the Probation Department's FY 2002-03 Adopted Budget and the FY 2002-03 Adopted Budget for DPSS.

The NCC which is currently budgeted to the Probation Department that will be replaced by Performance Incentives is not being used to match any state or federal funds, nor to satisfy any state or federal maintenance-of-effort requirement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Performance Incentives funding may be used in any manner authorized by federal law: 1) in any manner reasonably calculated to meet one of the four (4) purposes of the Federal TANF program; or 2) to continue providing services and benefits that the State was authorized to provide under its former Title IV-A or IV-F State plans, which covered Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA) and Job Opportunities and Basic Skills Training.

Performance Incentives may be used for juvenile probation services because federal law authorizes the use of TANF funds for benefits and services included in California's AFDC-EA plan, in effect September 30, 1995. Under this authority, the State has been allocating TANF funds to counties for juvenile probation services which are identical to the juvenile probation services that are recommended to be funded with Performance Incentives.

CONTRACTING PROCESS

Implementation of these recommendations will require a memorandum of understanding between DPSS and the Probation Department which will be completed within 30 days of Board approval of these recommendations.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommendations, if approved by your Board, will help families receiving CalWORKs and other low-income families to become and remain self-sufficient. To the extent that implementation of these recommendations will reduce the uncertainty regarding the ability of vital programs to continue functioning and increase the number of CalWORKs and other low-income families who attain long-term self-sufficiency, they may reduce the current and future demand for certain public services.

Respectfully submitted,

Bryce Yokomizo
Director

David Janssen
Chief Administrative Officer

Richard Shumsky
Chief Probation Officer

BY:DJ:RS:pa

c: County Counsel
Executive Officer, Board of Supervisors
Commission for Public Social Services
Community Planning Group
New Directions Task Force